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TO: Participating Schools and Lenders

FROM: Diane Todd Sprague, Director 

DATE: July 14, 2005

SUBJECT: Educational Loan Notes

CONSTITUTION AND CITIZENSHIP DAY

Educational institutions that receive federal funding are required to hold an educational program about the United States Constitution on September 17 of each year, commemorating the September 17, 1787, signing of the Constitution. When September 17 falls on a Saturday, Sunday, or holiday, Constitution Day must be held during the preceding or following week.

This Congressional initiative is authorized by Section 111 of Division J of Pub. L. 108-447, the "Consolidated Appropriations Act, 2005," December 8, 2004; 118 Stat. 2809, 3344-45 (Section 111). The U.S. Department of Education (ED) has issued two Federal Registers on this topic:

- [Federal Register: May 24, 2005 \(Volume 70, Number 99\)](#)
- [Federal Register: May 31, 2005 \(Volume 70, Number 103\)](#) (correction notice)

Listed below are some informational resources about the Constitution, several of which are referenced by the Federal Register. This information is available on the [Mapping Your Future](http://www.mapping-your-future.org/services/constitution.htm) Web site at <http://www.mapping-your-future.org/services/constitution.htm>. While Mapping Your Future does not endorse any of these programs or Web sites, it has made them available as a helpful resource to aid in developing a program.

- The Library of Congress' repositories offer [Constitutional documents and information](#).
- The U.S. National Archives and Records Administration offers [Teaching with Documents: Observing Constitution Day](#), which includes links to a variety of resources, including:
 - a [scan of the U.S. Constitution](#).
 - information about the [nationwide network of research facilities, including presidential libraries](#) that welcome students.

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- The [National Constitution Center](http://www.constitutionday.us) will offer educational and programming materials to schools, federal agencies, and other institutions nationwide to help them organize events to commemorate Constitution Day. These materials will be available at little or no cost on a new, under-construction Web site: www.constitutionday.us.
- [Constitution Day, Inc.](http://www.constitutionday.us) is a nonprofit, non-political organization that has celebrated Constitution Day on a national teleconference call for the past eight years. So that all schools may participate, they will celebrate Constitution Day on Friday, September 16, 2005, at 2:00 p.m. Eastern time.
- Constitutional Rights Foundation is a nonprofit, non-partisan, community-based organization dedicated to educating America's young people about the importance of civic participation in a democratic society. The CRF Web site offers [online lessons](http://www.constitutionday.us).
- The Teaching American History Institutes are federally funded programs focused on raising student achievement by improving teachers' knowledge, understanding, and appreciation of American history. They offer [Internet lessons](http://www.constitutionday.us) by education level for learning the Constitution.

For more information regarding Constitution Day contact Alex Stein at 202-205-9085, or via email at consitutionday@ed.gov.

MGA ADOPTS TOTAL ENROLLMENT REPORTING PROCESS

The Michigan Guaranty Agency (MGA) is pleased to announce that it has signed an agreement with the National Student Clearinghouse (Clearinghouse) to participate in the Total Enrollment Reporting Process (TERP). TERP was developed in response to a request from the National Council of Higher Education Loan Programs (NCHELP) and the Student Loan Servicing Alliance (SLSA) that the Clearinghouse provide participants in the Federal Family Education Loan Program (FFELP) with the option of receiving all of their student enrollment information from a single source.

With TERP, MGA will direct applicable enrollment data that it receives to the Clearinghouse. This

includes weekly National Student Loan Data System (NSLDS) enrollment updates and enrollment updates provided directly to MGA by schools, including foreign schools. As such, TERP centralizes enrollment reporting at the Clearinghouse, creating a single and reliable source for student enrollment information. In turn, the Clearinghouse will collect, check, and distribute the data to participating Clearinghouse lenders and servicers, eliminating the need for Clearinghouse participants to receive the enrollment data historically sent by MGA via the Loan Transaction Statement, Common Account Maintenance (CAM) file, or Enrollment Activity Report. Lenders receiving the data from MGA via tape exchange or electronically (i.e., Loan Transaction Statement or CAM) are reminded that these files also include other data (e.g., borrower demographics) that the lender must continue to consider when servicing MGA-guaranteed loans.

By adopting TERP, it is our goal that lenders and servicers benefit by condensing the receipt of enrollment data into a single source, ceasing the inflow of redundant enrollment reporting from multiple sources and formats, delivering non-Clearinghouse school enrollment data faster, eliminating duplicate enrollment records, and improving the customer service lenders and servicers provide to their borrower and school customers.

SPECIAL ALLOWANCE RATES

The Special Allowance rates for the quarter ending June 30, 2005, have been released by the Office of Federal Student Aid. The average of the bond equivalent rates of the 91-Day Treasury bills auctioned during the quarter ending June 30, 2005, is **2.94** percent. Also, the average of the bond equivalent rates of the quotes of the three-month Commercial Paper (financial) rates in effect for each of the days in the quarter ending June 30, 2005, is **3.23** percent.

Attached to this issue of *Educational Loan Notes* are Special Allowance charts with rates based on the 91-day Treasury bill average and the three-month Commercial Paper average for the quarter ending June 30, 2005.

If you have any questions please contact Betty Calloway at 800-642-5626, extension 39639, or via email at callowayb@michigan.gov.

EXIT COUNSELING REMINDER

Schools are required to perform exit counseling during the summer session for any Stafford loan borrower who does not intend to enroll for the next academic term or who will enroll but at less than half-time status. If the student's last date of attendance occurs during the summer session, the financial aid administrator must conduct exit counseling during that session. If the student plans to enroll for the fall term the school is not required to perform exit counseling. For more information on exit counseling see the [2005 Electronic Common Manual](#), subsection 4.4.C.

WHIZKID 10.0

For your information, Sallie Mae has upgraded WhizKid® to accept, send, and process the CommonRecord: CommonLine® industry format. CommonLine 4 and CommonLine 5 will continue to be supported. This improved data exchange standard will undergo beta testing this summer. The primary goals of the beta test are to identify and correct any issues with the CommonRecord: CommonLine implementation guide and schema and to make certain that implementations are uniform throughout the industry.

To ensure that the quality of WhizKid is maintained, Sallie Mae has delayed the shipment of WhizKid 10.0 until after the industry beta test is complete. Shipment is anticipated this fall. ***WhizKid will continue to be supported by Sallie Mae.*** The Michigan Guaranty Agency, in partnership with Sallie Mae, will schedule WhizKid training after the new release is distributed.

If you have any questions concerning WhizKid or CommonRecord: CommonLine, please contact Electronic Services at 800-348-4606. For general questions, contact Flora Boles at extension 52882, or via email at bolesf@michigan.gov.

MGA "INFO TEAMS"

MGA would like to remind schools that we offer the "Info Team" concept. Under this program, staff from MGA will visit your school at a time convenient to you in order to conduct "mini-workshops" on your choice of a variety of topics. An Info Team can be an effective alternative to our traditional workshops. You may have experienced staff turnover, or perhaps you could not send as many staff as you would

have liked to a workshop. Whatever the reason, an MGA Info Team will bring the training to your campus free of charge.

How it works: You define the areas where specific information or training is needed. You then meet with an MGA School Services representative to select a tentative date and determine the agenda for your workshop. The representative will assemble your Info Team from agency staff, selecting the most qualified presenters based on the topics you choose. Your training date will be confirmed based upon the availability of all Info Team members. The Info Team will prepare training sessions and materials, then present your customized workshop!

We introduced this concept to schools in May 2000. Since that time, we have conducted many workshops using the Info Team approach. Topics covered have included:

- Cash Management
- Claims and Collections Procedures
- Consumer Information
- Debt Management
- Family Educational Rights and Privacy Act (FERPA)
- Online Entrance and Exit Counseling
- Rehabilitating Borrowers' Defaulted Student Loans
- Return of Title IV Funds

More recently we have added presentations on:

- Information Security
- Academic Year Requirements for Loan Eligibility
- Resolving Conflicting Information Related to Tax Returns
- Student Aid Report (SAR)/Institutional Student Information Record (ISIR) Comment Codes and Text

All of the participating schools have reported that the workshops were a great experience for their staff. Not only did they value the personalized information, they also appreciated the thoroughness of the content and the amount of time dedicated to answering questions.

We are extremely pleased with the success of this initiative and encourage you to take advantage of this service. For more information or to schedule an appointment, please contact the School Services Unit at extension 36074, or via e-mail at cardwells@michigan.gov.

NSLDS NEWSLETTER

ED recently released NSLDS Newsletter Number 10 which contains information on two new system enhancements:

- The storage and display of Outstanding Principal Balance and Outstanding Interest Balance history.
- The addition of the Conditional Disability Discharge Tracking System (CDDTS).

The newsletter explains how to interpret and use the new enhancements. For a copy of the newsletter go to: <http://www.ifap.ed.gov/nsldsmaterials/Newsletter10.html>.

THE "ED" PIPELINE

Following is a description and link to some of the most recent ED correspondence for schools and lenders.

Dear Partner

June 2005

[GEN-05-09](#)

This letter announces the extension of eligibility to award increased unsubsidized loan amounts to naturopathic medicine students for loan periods that begin on or after May 1, 2005.

Dear Partner

June 2005

[ANN-05-06](#)

This letter announces the availability of a recorded version of FSA's 2005-06 online training session for users of EDExpress and FAA Access to CPS On-line. Topics covered are: application entry in EDExpress and FAA Access, corrections in FAA Access, ISIR request generation, and software enhancements to both systems. This is a pre-recorded session that demonstrates new and useful features of these FSA software products.



LENDER LIST UPDATES

School personnel continuing to use their paper copy of MGA's "Participating Lender List" should record the following actions on the list dated October 25, 2004. Please make the appropriate changes in all sections of the list as needed.

To access the most up-to-date lender information and eliminate the need for manual updates, use the electronic version of MGA's "Participating Lender List" available at michigan.gov/mistudentaid. Click on "Financial Aid Administrators," and then on "Participating Lender List." If you have any questions regarding MGA's "Participating Lender List," please contact Pat Fromm at extension 36076 or via email at frommp@michigan.gov.

Newly Participating Lenders

Charter One Bank, N.A., 808140, c/o Nelnet, Inc., P.O. Box 82596, Lincoln, NE 68501-2596. Telephone: 800-874-3150.

Connecticut Student Loan Foundation, 824246, c/o Sallie Mae, P.O. Box 59012, Panama City, FL 32412. Telephone: 888-272-5543.

Kentucky Higher Education Student Loan Corp., 826688, 10180 Linn Station Road, Suite C200, Louisville, KY 40023. Telephone: 888-250-6401.

Stillwater National Bank, 809081, c/o Sallie Mae, P.O. Box 59012, Panama City, FL 32412, Telephone: 888-272-5543.

SCHOOL LIST UPDATED

The new "Active Michigan School List" dated July 6, 2005, was mailed the second week of July. You may obtain additional copies of MGA's school list by completing the *Request for MGA "In-House" Supplies* order form on our Web site at michigan.gov/mistudentaid. Once at the Web site, click on "Resources," and then "Ordering Supplies." You may also contact our mailroom at extension 60607 to request additional copies. If you have any questions regarding the updated school list, please contact Stacy Cardwell at extension 36074 or via email at cardwells@michigan.gov.

“Q” AND “A”**THE COMMON MANUAL: UNIFIED STUDENT LOAN POLICY****What is the *Common Manual*?**

The *Common Manual: Unified Student Loan Policy* is an introduction and overview of the Federal Family Education Loan Program. It is designed to help train new financial aid staff and to assist experienced financial aid professionals in finding answers to questions about federal regulations and guarantor policies.

Who wrote the *Common Manual*?

The *Common Manual* was developed in a collaborative environment by participating guarantors. It is continuously updated by a Common Manual Policy Committee under the supervision of the Common Manual Governing Board, both of which are comprised of individuals from all participating guarantors.

How can the *Common Manual* help me?

The *Common Manual* seeks to clarify federal regulations as outlined in the Federal Student Aid Handbook, the Higher Education Act of 1965, as amended, Section 682.209 of Title 34 of the Code of Federal Regulations, and Dear Colleague Letters as released by the U.S. Department of Education. The *Common Manual* is divided into 18 chapters and nine appendices, as well as an index:

Chapters

- | | |
|--|--|
| 1. Overview | 10. Loan Servicing |
| 2. About the FFELP | 11. Deferment and Forbearance |
| 3. Lender Participation | 12. Due Diligence in Collecting Loans |
| 4. School Participation | 13. Claim Filing, Discharge, and Forgiveness |
| 5. Borrower Eligibility | 14. Violations, Penalties, and Cures |
| 6. School Certification | 15. Federal Consolidation Loans |
| 7. Loan Origination | 16. Cohort Default Rates and Appeals |
| 8. Loan Delivery | 17. Program Reviews |
| 9. School Reporting Responsibilities and the
Return of Title IV Funds | 18. Limitation, Suspension, and Termination |

Appendices

- | | |
|--|--|
| A. Interest Benefits and Special Allowance | E. Guarantor Bulletins |
| B. PLUS/SLS Refinancing | F. FFELP Community Initiatives |
| C. Guarantor-Specific Information | G. Glossary |
| D. U.S. Department of Education Contact
Information | H. History of the FFELP and the <i>Common
Manual</i> |

Additionally, each chapter is broken into sections, and in some cases, subsections. These sections are also listed numerically, allowing the user to easily find a topic of interest. Finally, the index and glossary are excellent resources to help users quickly locate topics of interest.

(Continued on the next page.)

How can I get a copy of the *Common Manual*?

The *Common Manual* is available in three separate formats; print, electronic via compact disc (CD), and electronic via the Web. To receive a printed copy or an electronic copy via CD, you may contact the Michigan Guaranty Agency at extension 39598.

The electronic version on the Internet is located at NCHELP's Web site at www.nchelp.org in their e-library. From that Web site you may also access the [Integrated Common Manual](#) (ICM) which contains the most up-to-date changes to the manual as approved by the governing board.

Note: The printed and CD-ROM versions of the *Common Manual* are distributed annually.

There are times when I read a section, and it seems different than I remember it. Is there an easy way to determine what changes have been made in the *Common Manual* since its last printing?

Yes. The easiest way to determine if a section in the *Common Manual* has changed is to refer to the section entitled, "Summary of Changes" [Approved August 2004 through April 2005] which outlines each and every change to the *Common Manual* since its last printing.

To view a comprehensive list of all of the changes to federal student lending, refer to Appendix H, "History of the FFELP and the Common Manual."

Do all guaranty agencies comply with the *Common Manual*?

Almost all guaranty agencies prescribe to the guidance outlined in the *Common Manual*. Exceptions or additional requirements made by some guarantors are outlined in Appendix C of the *Common Manual*. If you have additional questions about a guarantor's requirements, you should contact that guaranty agency directly.

Does the Michigan Guaranty Agency have any policies or procedures that differ from the *Common Manual*?

Currently the only policy that MGA has that differs from the *Common Manual* is in regard to spousal consolidation. MGA will not guarantee a Consolidation loan made jointly to married couples. All Consolidation loans guaranteed by MGA will be in the borrower's own name.

If you have specific regulatory questions for MGA or have questions concerning the *Common Manual*, please contact the MGA Customer Services Unit at extension 77009.

Have a question you would like to ask? Contact Justin Draeger at extension 31940 or via email at draegerj@michigan.gov to submit your question or to suggest a topic you would like to see discussed in a subsequent issue of *Educational Loan Notes*.

Calendar of Upcoming Events

August 2005

- 9 Mapping Your Future Daytime Chat
College admissions and standardized tests.

September 2005

- 5 MGA Offices Closed
- 13 Mapping Your Future Evening Chat
Debt management strategies.

If you need further information or wish to submit items for the calendar, please contact Jim Peterson, Editor, at extension 36944, or via email at petersonj@michigan.gov.

**91-DAY TREASURY BILL
SPECIAL ALLOWANCE RATES
FOR
QUARTER ENDING JUNE 30, 2005**

	Loan Rate	Special Allowance Annual Rate	SA Quarterly Rate	Special Allowance Category
SA	7% 9%	0 0	0 0	<u>SA</u> - for loans made before 10/01/81.
SB	7% 8% 9%	0 0 0	0 0 0	<u>SB</u> - for Stafford (subsidized) and PLUS loans made on/after 10/01/81 but before 10/17/86 or loans made on/after 10/17/86 but before 11/16/86, for enrollment periods beginning before 11/16/86.
SD	7% 8% 9% FVAR10 (4.17%) PLUS/SLS Var (4.81%) FVAR7, FVAR8, FVAR9, EVAR (4.32%)	0 0 0 .0202 0 .0187	0 0 0 .005050 0 .004675	<u>SD</u> - for Stafford (subsidized) and PLUS/SLS loans made on/after 10/17/86 but prior to 11/16/86 for enrollment periods beginning on/after 11/16/86. For Stafford (subsidized) and PLUS/SLS loans made on/after 11/16/86 but before 10/01/92. Also, for Stafford (unsubsidized) loans made prior to 10/01/92 for periods of enrollment beginning on/after 10/01/92.
SE	FVAR7 (4.17%) FVAR8 (4.17%) FVAR9 (4.17%) FVAR10 (4.17%) EVAR (4.17%) PLUS/SLS Var (5.26%)	.0187 .0187 .0187 .0187 .0187 .0078	.004675 .004675 .004675 .004675 .004675 .001950	<u>SE</u> - for Stafford loans made on/after 10/01/92 but prior to 07/01/94, regardless of the enrollment period, or loans made after 07/01/94 for an enrollment period ending prior to 07/01/94. Also, for PLUS loans made on/after 10/01/92 but before 07/01/94. Also, for SLS loans made on/after 10/01/92 but before 07/01/94; or certified before 07/01/94 and disbursed after 07/01/94.
SG	Stafford Var (4.17%) PLUS Var (5.26%)	.0187 .0078	.004675 .001950	<u>SG</u> - for Stafford loans made on/after 07/01/94 but before 07/01/95, or loans made on/after 07/01/95 but before 07/01/98, during periods of repayment or forbearance. Also, for PLUS loans made on/after 07/01/94 but before 07/01/98.
SH	Stafford Var (3.57%) PLUS Var (5.26%)	.0187 0	.004675 0	<u>SH</u> - for Stafford loans made on/after 07/01/95 but before 07/01/98 only during the in-school, grace, and deferment periods. Also, for PLUS loans made on/after 07/01/98 but prior to 01/01/00.
SJ	Stafford Var (2.77%)	.0237	.005925	<u>SJ</u> - for Stafford loans made on/after 07/01/98 but prior to 01/01/00 only during the in-school, grace, and deferment periods.
SK	Stafford Var (3.37%)	.0237	.005925	<u>SK</u> - for Stafford loans made on/after 07/01/98 but prior to 01/01/00 only during the repayment and forbearance periods.

PLEASE NOTE: The 91-day T-bill average (bond equivalent rate) is **2.94%** for the second quarter of **2005**. This results in the following yields:

SA 2.94% plus 3.50% = 6.44%	SG 2.94% plus 3.10% = 6.04%
SB 2.94% plus 3.50% = 6.44%	SH 2.94% plus 2.50% = 5.44%
SD 2.94% plus 3.25% = 6.19%	SJ 2.94% plus 2.20% = 5.14%
SE 2.94% plus 3.10% = 6.04%	SK 2.94% plus 2.80% = 5.74%

**91-DAY COMMERCIAL PAPER
SPECIAL ALLOWANCE RATES
FOR
QUARTER ENDING JUNE 30, 2005**

	Loan Rate	Special Allowance Annual Rate	SA Quarterly Rate	Part IV: Special Allowance Category Column C
CA	Stafford Var (2.77%)	.0220	.005500	<u>CA</u> - for subsidized/unsubsidized Stafford loans made on/after 01/01/00 but prior to 07/01/06, only during the in-school, grace, and deferment periods.
CB	Stafford Var (3.37%)	.0220	.005500	<u>CB</u> - for subsidized/unsubsidized Stafford loans made on/after 01/01/00 but prior to 07/01/06, during the repayment and forbearance periods only .
CD	PLUS Var (5.26%)	0	0	<u>CD</u> - for PLUS loans made on/after 01/01/00 but prior to 07/01/06. Note: special allowance will not be paid unless the calculated interest rate exceeds the 9% cap.

PLEASE NOTE: The three-month Commercial Paper average (bond equivalent rate) is **3.23%** for the second quarter of **2005**. This results in the following yields:

CA 3.23% plus 1.74% = 4.97%
CB 3.23% plus 2.34% = 5.57%
CD 3.23% plus 2.64% = 5.97%